

Department of Justice and Federal Trade Commission

Single Firm Conduct: Predatory Buying Panel

Tim Brennan

2006: T.D. MacDonald Chair in Industrial Economics
Competition Bureau, Industry Canada

Permanent: Professor, Public Policy and Economics
University of Maryland, Baltimore County

Senior Fellow, Resources for the Future, Washington, DC

brennan.tim@cb-bc.gc.ca, brennan@umbc.edu

FTC Headquarters
Washington, DC

June 22, 2006

Recommendations

- **Predation or Exclusion? Pick one or the other.**
- **Validate necessary assumptions in those rare predatory buying cases.**
- **For exclusion, first delineate complement market, using HMGs.**
- **Then, establish price effect from complementary market monopolization (CMM).**
- **Test discounts by effect on complement price, not comparison to cost.**
- **Predation screens—profit sacrifice, equally efficient competitor, even prior dominance—do not belong in exclusion cases.**
- **Consider share-based rather than all-or-nothing remedies.**
- **Focus on creation of new monopolies, not maintenance of old ones.**